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FISCAL IMPACT STATEMENT

LS 7359

BILL NUMBER: HB 1260

NOTE PREPARED: Apr 12, 2011

BILL AMENDED: Apr 11, 2011

SUBJECT: School Corporation Health Insurance.

FIRST AUTHOR: Rep. Dermody

FIRST SPONSOR: Sen. Charbonneau

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill specifies certain requirements and recommendations for school corporation employee health coverage programs.

Effective Date: July 1, 2011.

Explanation of State Expenditures: If the school's employer share of health insurance costs are more than 12% greater than the state employer share of health insurance cost for the same type of plan for any 12-month period, the school would be required to submit a plan to the State Department of Personnel detailing how the school will achieve compliance to be within 12% of the state employer share of health insurance cost. If 12 months after the plan is submitted the school corporation is not in compliance, then the school corporation is required to join the state health insurance plan.

The impact on the state health insurance plan would depend on the health experience of the school employees added to the plan relative to the experience of state employees. If school employees had a greater incidence of health claims than state employees, the state cost of the state employee health plan could increase, and if school employees had a lower incidence, then the state cost could decrease. Ultimately, the impact on state costs for premiums for state employees is dependent on the level of state versus employee contribution.

The bill requires school corporations to report to the Legislative Council certain employee health plan information. The information must be provided in a electronic format and would include the employer's and employee's share of the cost of coverage of the state employee health plan used by the corporation in total and separated out to show the amount payable per employee by type of single or family coverage plan. There should not be any significant costs associated with the reporting requirement.

Background: The state contribution for a family health insurance plan ranges from \$11,391 for the high deductible plan to \$13,893 for the traditional plan in CY 2011. Vision and dental are separate plans.

Total insurance cost of schools and school employees is about \$1.4 B annually.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: Local schools.

Information Sources: *Analysis of Health Insurance Benefits for Public Employees*, Mercer Health & Benefits LLC, 312-912-9900.

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